

# PEERSfor your Benefit

Active Members | DECEMBER 2017

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

2018-2019 School Year  
Contribution Rates Unchanged;  
January 1, 2018 COLA Set  
at 1.63%

A PEERS Pre-Retirement  
Seminar Will Help You Get  
Ready for Retirement

## Contact Us

PO Box 268  
3210 W. Truman Blvd.  
Jefferson City, MO  
65102-0268  
Call Toll Free (800) 392-6848  
or (573) 634-5290

### Email

[psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org)

### Web

[www.psrs-peers.org](http://www.psrs-peers.org)





PUBLIC EDUCATION EMPLOYEE  
RETIREMENT SYSTEM OF MISSOURI

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At the November 2-3, 2017 meeting of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees, the Board made several important decisions to ensure the ongoing financial health of the Systems.

The meeting included detailed analysis and discussion by the Board, the Systems' actuary, PricewaterhouseCoopers, management and educational associations, which culminated in decisions designed to provide an ongoing funding policy that provides continued financial stability for the Retirement Systems.



**“The Board has a fiduciary responsibility to operate the Systems in a prudent manner that best serves all members equally, no matter what their life or career stage. We had good discussions and considered a lot of meaningful data and research. As a result, I feel we made sound decisions and set policies that will help keep the Systems financially healthy for the long-term.”**

Aaron Zalis, Board Chairman



## 2018-2019 School Year Contribution Rates Unchanged; January 1, 2018 COLA Set at 1.63%

To meet the Systems' ongoing goals, the Board took action on the Systems' 2018-2019 contribution rates, assumed rate of investment return, and COLA policy.

### Contribution Rates Unchanged for 2018-2019 School Year

On the recommendation of the Systems' actuary, the Board voted to maintain active member and employer contribution rates for PEERS at 13.72% (6.86% each for the member and employer) and PSRS at 29% (14.5% each for the member and employer). These contribution rates, along with the assumed investment return rate, continue to provide the Systems with the level of funding necessary to maintain the Systems' healthy financial status.

2018-2019 PEERS Contribution Rates		
Employee Rate	Employer Rate	Combined Rate
6.86%	6.86%	13.72%

### Assumed Rate of Investment Return Decreased

The Board voted to reduce the assumed rate of return on investments from 7.75% to 7.6% due to the continued low interest rate and capital market environments.

*Continued on page 4*

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January 2018 COLA Set at 1.63%, New COLA Policy Going Forward

January 1, 2018 COLA Set

The Board voted to grant eligible PSRS and PEERS benefit recipients a 1.63% cost-of-living adjustment (COLA) effective January 1, 2018.

The COLA decision is based in part on the Consumer Price Index for Urban Consumers (CPI-U) as determined by the U.S. Bureau of Labor Statistics for the previous fiscal year. The increase in the CPI-U for PSRS/PEERS’ fiscal year 2017 is 1.63%.

Other factors in the decision included the analysis and recommendation of the Systems’ actuary, and requirements set in Missouri law regarding the setting of the COLA by the Board of Trustees.

New COLA Policy Adopted Effective with January 1, 2019 COLA

In addition to setting the COLA for the upcoming year, the Board reviewed seven different scenarios with data provided by the Systems’ actuary, PricewaterhouseCoopers (PwC) to determine a longer-term COLA policy that best fits with the Systems’ funding goals.

After the analysis and discussion, the Board set a new COLA policy that will become effective with the January 2019 COLA. The policy contains a cumulative CPI calculation when the CPI-U falls between 0% and 2%.

2017 PSRS/PEERS COLA Policy	
CPI-U	COLA
Less than 0%	0%
0% to 2%	0% if cumulative CPI-U is below 2%
0% to 2%	2% if cumulative CPI-U is 2% or more
2% - 5%	2%
More than 5%	5%

The cumulative COLA calculation **only applies when the CPI-U is between 0% and 2%**. The cumulative COLA calculation period resets to zero after a 2% COLA is provided and begins again.

A PEERS Pre-Retirement Seminar Will Help You Get Ready for Retirement

If you are considering retirement, we recommend attending a PEERS Pre-Retirement Planning Seminar. Seminars are held around the state throughout the year, providing valuable information you need to know as you prepare for retirement. A retirement counselor delivers an overview of benefits, payment plans and how to apply for retirement. You will also receive a personalized benefit estimate.

Register early – seating is limited and we cannot accept late registrations. Log in to Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org) to register or call us toll free at (800) 392-6848. You need an idea of your retirement date and your beneficiary’s name and birth date. If you are unsure of your retirement date or eligibility, you can get information by running your own benefit estimate in Web Member Services found on our website, or you can call us and we will be happy to help.

We look forward to seeing you at a seminar!

Attend a Pre-Retirement Planning Seminar in Your Area				
Date	Location	Address	Time	Closing Date to Register
January 4, 2018	Arnold Fox C-6 Service Center	849 Jeffco Blvd, Arnold	7:00 pm	December 18, 2017
January 4, 2018	Chillicothe High School	2801 Hornet Rd, Chillicothe	5:30 pm	December 19, 2017
January 9, 2018	State Fair Community College	3201 W 16 <sup>th</sup> St, Sedalia	5:30 pm	December 22, 2017
January 17, 2018	Cape Girardeau Career & Tech Center	1080 S Silver Springs Rd, Cape Girardeau	7:00 pm	January 2, 2018
January 18, 2018	Clinton Building (Sikeston Parks & Rec Dept)	501 Campanella Dr, Sikeston	7:00 pm	January 2, 2018
January 23, 2018	Rolla 31 School District Board Office	500 A Forum Dr, Rolla	7:00 pm	January 9, 2018
January 30, 2018	Joplin East Middle School	4594 E 20th St, Joplin	7:00 pm	January 15, 2018
January 31, 2018	Ozarks Technical Community College	815 N Sherman Ave, Springfield	7:00 pm	January 15, 2018
February 1, 2018	Hannibal-LaGrange University	2800 Palmyra Rd, Hannibal	7:00 pm	January 18, 2018
February 8, 2018	Ft Zumwalt North High School	1230 Tom Ginnever Ave, O'Fallon	5:30 pm	January 24, 2018
February 15, 2018	Nevada High School	800 W Hickory St, Nevada	7:00 pm	January 29, 2018
February 20, 2018	Smithton Middle School	3600 W Worley St, Columbia	7:00 pm	February 5, 2018
February 27, 2018	Ozarks Technical Community College	815 N Sherman Ave, Springfield	7:00 pm	February 9, 2018
February 28, 2018	Liberty Early Childhood Center	9600 NE 79 <sup>th</sup> St, Kansas City	7:00 pm	February 12, 2018
March 1, 2018	Pattonville Senior High School	2497 Creve Coeur Mill Rd, Maryland Heights	5:30 pm	February 14, 2018
March 7, 2018	Poplar Bluff Middle School	1300 Victory Ln, Poplar Bluff	7:00 pm	February 21, 2018
March 13, 2018	Lebanon Middle School	2700 Buzz Pride Rd, Lebanon	7:00 pm	February 26, 2018
March 13, 2018	Winnetonka High School	5815 NE 48th St, Kansas City	7:00 pm	February 23, 2018
March 14, 2018	Wright City R-II Middle School	100 Bell Road, Wright City	7:00 pm	February 26, 2018
March 21, 2018	Stoney Creek Inn - St. Joseph	1201 N Woodbine Rd, St. Joseph	7:00 pm	March 7, 2018
March 27, 2018	Francis Howell Board Office	4545 Central School Rd, St. Charles	7:00 pm	March 9, 2018
March 28, 2018	Joplin East Middle School	4594 E 20th St, Joplin	7:00 pm	March 12, 2018
March 29, 2018	Ozarks Technical Community College	1001 E Chestnut Expressway, Springfield	7:00 pm	March 12, 2018
April 4, 2018	Rockwood Summit Senior High School	1780 Hawkins Rd, Fenton	7:00 pm	March 21, 2018
April 10, 2018	Lee's Summit West High School	2600 SW Ward Rd, Lee's Summit	7:00 pm	March 26, 2018
April 11, 2018	St. Charles Community College	4601 Mid Rivers Mall Dr, Cottleville	7:00 pm	March 28, 2018
April 18, 2018	PSRS/PEERS Office	3210 W Truman Blvd, Jefferson City	7:00 pm	April 3, 2018



## PSRS/PEERS Investments Return 12.5% for Fiscal Year 2017; Off to a Solid Start for Fiscal Year 2018

**P**SRs and PEERS earned an investment return of 12.5% for the fiscal year ended June 30, 2017.

The total plan return exceeded both the policy benchmark of 11% and the long-term objective (actuarial assumption) of 7.75%.

Over long periods of time, the Systems continue to produce investment returns that meet or exceed the System's objective. The annualized investment return for PSRS and PEERS over the last five years is 9.5%, and 8.4% over the last 30 years.

PSRS and PEERS maintain a diversified asset allocation of stocks, bonds, real estate, hedged assets and private equity. In the last year, the best performing asset classes for the Systems were non-U.S. equity with a return of 20.4% and private equity, which produced a return of 20.1%.

As we move through the first four months of fiscal year 2018, stock markets throughout the world continue to reach new highs. The Systems have benefited from the strong markets and the estimated investment return for PSRS and PEERS for the first four months of fiscal year 2018 (July 1, 2017 through October 31, 2017) is approximately 4.5%.

However, we remain mindful of the fact that most asset classes (specifically global stock markets) are fully valued, and that volatility in all investment markets is beginning to increase. As a result, we will continue to manage the PSRS and PEERS assets with a focus on return, but also with a keen awareness of the embedded risks.

The market value of invested assets for PSRS and PEERS combined were approximately \$42.8 billion on October 31, 2017, making the joint entity larger than all other public retirement plans in Missouri combined, and the 43<sup>rd</sup> largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at [www.psr-peers.org](http://www.psr-peers.org).

## 2017 Member Statements Available Online; Paper Statements Mailed in November

**N**o matter what your age or career stage, your annual **Member Statement** is a quick, easy way to get a comprehensive look at your PEERS membership.

Your statement is available online by logging in to PEERS Web Member Services at [www.psr-peers.org](http://www.psr-peers.org), and a paper copy was mailed to you in November.

Your statement includes:

- Estimated future service retirement benefits
- Your salaries and contributions
- A list of your employment and employers
- Details of the service you have earned
- Your current beneficiary designation
- Information on possible disability and survivor benefits
- A look at any service purchases you may have

When you are reading, take particular note of the following:

- Are your salaries, service and employers listed correctly? If not, contact your employer so corrections can be made.
- Is your contact information on record with PEERS current? If not, you can update your address, phone and email by logging in to Web Member Services at [www.psr-peers.org](http://www.psr-peers.org), or contact us for a **Member Information Change** form (also available on our website to download and print).
- Is your beneficiary designation current? If you have had a life change such as a birth, death or divorce since you filed your designation, it is void and you need to send us an updated **Pre-Retirement Beneficiary Designation** form, also found on our website.

**Disability Retirement**

Your **estimated** disability retirement benefit is \$1,400 per month as of June 30, 2018.

PEERS provides disability benefits to members who become totally and permanently disabled and unable to earn a livelihood in any occupation. You may be eligible for PEERS disability benefits if you:

- Have at least five years of PEERS-covered employment
- Are under age 60
- Become permanently disabled while working in PEERS-covered employment, or within one year thereafter, if the condition causing the disability began while you were so employed
- Are incapable of earning a livelihood in any occupation (currently defined as earning \$18,000 per year)

**Survivor Benefits**

Two types of survivor benefits are provided for qualified beneficiaries of PEERS members who retire. Your designated beneficiary may receive one of the following:

**Lump-Sum Refund of Your Contributions and Interest**

This refund consists of your contributions, any payments made because of a reinstatement of purchase, and the interest credited to your membership as of the date of death. Contributions and interest are not refundable.

**Lifetime Monthly Benefits**

Lifetime monthly benefits are based on the amount payable under the Joint-and-Survivor Plan based on your salaries and service at the time of your death. Benefits begin when you are eligible. Benefits are based on the benefit formula in effect when benefits begin.

**Service Retirement**

Upon application, lifetime monthly retirement benefits are available to members who properly terminate PEERS-covered employment and meet minimum service and age requirements. Benefits are based on a calculation using a benefit factor, your salaries, years of service and, if applicable, a reduction factor.

Before making a final decision regarding retirement, contact us for an official **Benefit Estimate**.

The following projected dates and dollar amounts (before taxes) are strictly estimates and assume that for future school years you earn 1.0 year of service and that your retirement salary increases annually by 2%.

Retirement Option	First Eligible Retirement Date	Age as of Your Retirement Date	Years of Service	Final Average Salary	Partial Lump Sum Option	Lifetime Single Life Monthly Benefit	Monthly Income Replacement Percentage
Early (25-and-Out)	05/01/2035	54.81096	25.02146	\$2,544		\$961	38%
Normal	06/01/2035	55.06301	25.27146	\$2,554		\$1,555	61%
Partial Lump Sum Options (PLSO)							
No PLSO	06/01/2038	58.06301	28.27146	\$2,710		\$0	
12-Month PLSO	06/01/2038	58.06301	28.27146	\$2,710	\$14,796	\$1,845	68%
24-Month PLSO	06/01/2038	58.06301	28.27146	\$2,710	\$29,592	\$1,744	64%
36-Month PLSO	06/01/2038	58.06301	28.27146	\$2,710	\$44,388	\$1,544	60%

In addition to the Single Life benefit plan, other plans are available that provide reduced benefits for you and various levels of financial protection for a beneficiary.

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Location: 3210 W. Truman Blvd., Jefferson City, MO 65109 | Mail P.O. Box 268 / Jefferson City, MO 65102 | Website: [www.psr-peers.org](http://www.psr-peers.org)  
Phone: (573) 634-5290 | Toll Free: (800) 392-6848 | FAX: (573) 634-7934 | Email: [psrpeers@psrpeers.org](mailto:psrpeers@psrpeers.org)



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RETIREMENT SYSTEM OF MISSOURI

PO BOX 268 JEFFERSON CITY MO 65102-0268

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## Use Web Member Services to Stay Informed About Your Membership and Benefits

Even though it may seem like retirement is a world away, it is important to be familiar with your retirement benefits and the basics of your PEERS membership, even while you are working.

Now it is easier than ever to get quick information about your membership, beneficiary designations and future benefits, using PEERS Web Member Services at **[www.psrs-peers.org](http://www.psrs-peers.org)**. Register for access using the Member Log-in link at the top right corner of the screen.

Access to your membership information online requires that you establish a user name and password. When setting up your online access, you will be required to enter a temporary PIN we will provide you by mail. This process is designed to help ensure your membership information is not accessed fraudulently by someone other than you.

You can use Web Member Services to view and update your mailing address, email address and phone number on file with PEERS.

You will also find:

- A benefit estimator to estimate your future service retirement benefits and show the dates you will be eligible for early and normal (full) benefits
- A summary of your service on record with PEERS
- A year-by-year history of your service and salaries with each covered employer
- Your current beneficiary designation with PEERS. Please be sure to make any necessary updates to your beneficiary designation to ensure benefits are paid according to your wishes.
- Information about any open service purchases, and any amounts due
- Your current and archived ***Member Statements***

It's quick and easy to stay up-to-date with PEERS Web Member Services. Visit today!